GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:129
ANSWERED ON:02.03.2001
TEA INDUSTRY IN ASSAM
BODAKUNTI VENKATESHWARLU

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether tea industry in the country, particularly in Assam is passing through difficult times because of low prices, cheap tea imports from other countries and stiff competition from other beverages;

(b) whether Indian tea in other countries is being substituted by other varieties of tea; and

(c) if so, the steps being taken by the Government to help tea industry to come out of this difficulty?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA STARRED QUESTION NO. 129 FOR ANS ON 2.3.2001 REGARDING TEA INDUSTRY IN ASSAM

(a) : While there has been a decline in the all India average auction price of tea during the year 2000 as compared to 1999, the prices for Assam tea are prevailing at a higher level in January-February 2001 as compared to the prices in January-February 2000.The average auction price of Assam tea was Rs. 86.97 per kg during January-February 2001 as compared to Rs. 72.59 per kg in January-February 2000. This shows an increase of Rs. 14.38 per kg. The table below gives average auction price of tea during the last five years:-

(Rs. per Kg.)

Year	Assam Tea	All Indian Tea
1996	51.65	48.77
1997	70.66	66.89
1998	80.34	76.43
1999	82.04	72.83
2000	72.83	61.96

Import of tea during the year 1999-2000 was 9.79 m.kgs against total production of 816.06 m.kgs. Import of tea being just about 1% of country`s total production, is unlikely to have any adverse effect on the domestic tea industry including Assam. It is a fact that the domestic tea industry is facing stiff competition from other beverages as well. Despite the competition, domestic consumption of tea increased from 648 mn. kgs in 1998-99 to 657 mn. kgs in 1999-2000.

(b) & (c) : The share of Indian tea in some of the markets abroad suffered during the year 1999-2000 due to various factors such as increased domestic demand, competition from other producing countries such as Sri Lanka, Kenya etc. and decline in export to Kazakhstan, UAE, Iraq, ARE, Turkey etc.

With a view to sustain market share of Indian teas abroad, various steps have been taken by the Govt./Tea Board which include programmes on consumer awareness of speciality Indian teas in select markets, participation in major trade fairs/exhibitions abroad, media campaigns, exchange of tea delegations between India and tea importing countries, etc.

Govt./Tea Board has received complaints about mislabeling of teas produced by other countries as Indian tea in some markets abroad. With a view to prevent this undesirable practice, the Tea Board has taken steps to register Indian Tea Logo in major importing countries. Tea Board has also launched media campaign in important markets to popularise the Tea Board marketing symbol.

Further in order to help the tea industry, Govt./Tea Board has taken various steps which include;

+ implementation of a price subsidy scheme through the Tea Board with effect from 1.5.2000 under which subsidy is provided to the small growers of tea (holding upto 10.12 hectares of tea plantation) for an amount equal to the shortfall between the auction price and Rs. 55 per kg subject to a maximum of Rs. 8 per kg.

+ amendment of Tea Marketing Control Order 1984 to remove the condition of obligatory sale of 75% of tea production through public tea auctions

+ launch of a Quality Upgradation Programme in the Nilgiris district of Tamil Nadu for improving quality of tea manufactured by small growers

+ increase in basic customs duty on tea from 35% to 70% as announced in the Budget of 2001-2002; and

+ ban on sale of tea in the Domestic Tariff Area by 100% Export Oriented Units (EOUs) and units in Export Processing Zones (EPZs)